Department of Legislative Services

Maryland General Assembly 2003 Session

FISCAL AND POLICY NOTE

Senate Bill 658 (Chairman, Finance Committee)

(By Request – Departmental – Insurance Administration, Maryland)

Finance Health and Government Operations

Life Insurance - Prohibited Use of Terrorism Exclusions

This departmental bill prohibits a life insurance policy or group life insurance policy from excluding or limiting liability for death that is the result of an act of terrorism in which the covered person did not take part.

Fiscal Summary

State Effect: Minimal increase in special fund revenues in FY 2004 from form filing fees collected by the Maryland Insurance Administration. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: The Maryland Insurance Administration has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: A life insurance policy may contain a provision that excludes or restricts coverage for death as a direct or indirect result of: (1) war or service in the military; (2) aviation or air travel; (3) death within two years after the policy's issue date as a result of a specified hazardous occupation or avocation; (4) death within two years after the issue date while the insured resides outside the continental United States and Canada; and (5) death by suicide that occurs within two years after the policy's issue date.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration, Department of Legislative

Services

Fiscal Note History: First Reader - February 26, 2003

mdf/jr

Analysis by: Ryan Wilson Direct Inquiries to:

(410) 946-5510 (301) 970-5510